A2075-8F 8/85

THE CHANGING AMERICAN WORKPLACE: WORK ALTERNATIVES IN THE '80s

Goodmeasure, Inc.

An AMA Survey Report

AMA Membership Publications Division

American Management Association

Library of Congress Cataloging-in-Publication Data
Main entry under title:

The Changing American workplace.

(An AMA Survey report)
Bibliography: p.
1. Quality of Work life—United States. 2. Management—United States—Employee participation.
3. Job enrichment—United States. 4. Employee fringe benefits—United States. I. Goodmeasure, Inc.
HD6957.U6C485 1985 306'.36 85-11187
ISBN 0-8144-3152-6

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American Management Association, New York.
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First Printing

Authors' Note

The final version of this report represents the collective effort of several individuals from Goodmeasure, Inc., who each contributed a great deal of their time and ideas. Identifying any one person as primary author would be difficult as well as inappropriate. David Summers served as project manager. Members of the research team include William Fonvielle, Robert Gandossy, Peggy Lopata, Kurt Oppermann, and Barry Stein. Jane Harrison, Mona Kotch, and Karin Watkins assisted with manuscript preparation. We gratefully acknowledge the support and assistance of AMA staffers Don Bohl, Anne Skagen, and Tina Dorfman, whose interest and patience made this project possible in the first place. Finally, we thank all of the AMA members who completed the work alternatives survey that enabled us to "paint the landscape."

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Introduction

The rules have changed. In times gone by, the laws of corporate life put people at their workstations in very predictable ways: a nine to five workday, a single task for each worker, top-down decision making, a clear boundary between workers and managers.

But American managers have never had a reputation for slavishly following tradition. And the current search for new and more effective ways to organize work is, perhaps, part of that heritage.

More employees are participating in decision making; more firms are offering nontraditional and equitable rewards for workers; more organizations are implementing new problem-solving techniques, flexible worktime arrangements, and job enrichment programs. When supervisors find themselves sitting on the same task force as a vice president—and helping to make major decisions on company issues—the ground rules *have* changed.

This trend reflects, in part, management's concern with improving product quality and worker productivity in an effort to remain competitive. But we also have to consider the larger context. The adoption of work alternatives represents a response to pressures created by broader social and economic changes in the American way of life.

Consider, for example, the recent major alterations in the makeup of the labor force. In the 1970s, the "baby boomers" began finding places in offices and factories, thus changing the age distribution of the workforce. Large numbers of women began working for the first time, and the proportion of minority workers also increased. Moreover, America's workforce became better educated. Blue collar workers now have, on average, one year of college education.

This new workforce expects more from both work and employer—more, not simply in terms of material benefits and promotions (although this trend has also been noted), but also more participation in decisions about work and working conditions.

Then, while you're thinking about the consequences of these changes, consider the impact of widespread economic and technological trends. The decrease in blue collar industrial jobs and the shift toward white collar service areas is a familiar story by now. Work tasks have become more complex, more intellectual, and less physical as electronic and biological technologies replace mechanical technologies.

In some industries, the traditional distinction between manager and worker has so eroded that the roles are blurred. In these settings, the very future of the idea of "manager" is being challenged.

As a result, traditional job and organizational design is neither as simple nor as straightforward as it once was. New techniques and approaches for coordinating work have become one vehicle for attracting a quality workforce and remaining competitive. What appears to be a nationwide, "unstructured experiment" in finding better ways to organize is occurring in this context.

The 21 Work Alternatives

Job enrichment A broad label for many alternatives that increase variety in individual jobs, expand the range of tasks undertaken, and extend responsibility for decisions.

Work-at-home arrangements Formal agreement for people to do some of their work at home on a regular basis. (Not simply a temporary accommodation due to illness, pregnancy, etc.).

Cross-training Provision for training people in skills beyond those they need in their job. The purpose of such training is to improve individual flexibility and capacity to contribute in other areas.

Gainsharing systems Any mechanism that distributes some portion of the savings from improved performance to people who contributed: Scanlon Plan, Improshare, etc.

Flextime or flexible schedules Systems giving employees some control over the starting or ending times of their jobs (staggered hours or 4-day, 40-hour systems do not count).

Compressed work week Four-day, 40-hour workweek or similar program.

"Permanent" part-time jobs Formal arrangements for people working less than full time to obtain benefits of full-time employment.

Job sharing Two people sharing a single job normally held by one.

Quality circles or problem-solving teams Groups of employees with responsibility for solving problems or addressing specific issues in their work unit.

Joint labor-management committees Groups involving representatives from both management and union ranks, designed to discuss workplace issues not covered by collective bargaining agreements.

Work councils or communications councils Councils representing all levels and functions of the organization that serve as forums for communication or for discussion of issues related to the unit as a whole. Councils possess no decision-making authority.

Formal training in participative management or employee involvement Training programs designed specifically to provide knowledge and skills to reduce reliance on hierarchical authority.

Transition arrangements at retirement Mechanisms for shifting people's roles on or near retirement so they can continue to make a contribution but gain more flexibility and extend their value. (Might include consulting assignments, part-time special roles, work at home, etc.)

Formal job rotation System to assure breadth of knowledge and flexibility by routinely moving people through a sequence of jobs and tasks.

Pay-for-capability/skills system Compensation system that tracks and pays people for breadth and range of skills, whether used in their current jobs or not.

Semiautonomous or self-managed work groups Groups of employees given substantial responsibility for their work or their products.

Parallel organization structure System for managing change, QWL, or innovation issues. Involves flexible task forces and special assignments within a formalized management system that frequently includes top management. Has own resources and accountability.

Project team/project based organization Large-scale flexible systems for organizing people around specific tasks and projects. People are loosely attached to functional or permanent units; primary responsibility is held by project management.

Matrix or multiple reporting structures Formal systems in which people are simultaneously responsible to two or more separate areas of the organization, reporting, for example, to a functional (sales, manufacturing) manager and also to a product or market manager.

Internal venture funds or entrepreneurial opportunities Systems that provide employees with resources for developing new ideas or launching seed ventures.

Employee-owned organizations or equity participation in the firm Programs that provide employees with the opportunity to become owners of the organization.

WHY THIS STUDY

While whole books—and in some cases many books—have been written about specific work innovations, little has been written about work alternatives in general. At present, no guidebook has been published (to our knowledge) that systematically lays out the similarities and the differences among all the important work innovations that have been introduced in America in recent years, nor one that develops a conceptual model that helps us understand where and under what circumstances a particular alternative is most appropriate.

Furthermore, what literature there is tends to focus on a few alternatives and is largely limited to cases in *Fortune* 100 companies. Although these cases are interesting, they are not necessarily the best examples for managers in smaller companies and in public and nonprofit organizations.

Finally, little is known about the extent of use, the nature of use, or the success of these new work arrangements in American organizations in general.

Our report is intended as a first attempt at remedying these deficiencies. One of our chief objectives was to determine what organizations in all sectors of the economy (private, government, nonprofit) are doing in the area of alternative work arrangements. Second, the research aimed at developing a model—a way of thinking about and categorizing these alternatives—that would help us understand their relationships to one another and their effects on organizations.

The model provides a unique way of thinking about the various alternatives—a first step in positioning the programs as part of a larger plan to meet changing organizational needs. Chapter 2 provides a fuller explanation. For tangible evidence of how the model can be used, read the case studies in Chapter 3 with the model in mind.

While the 21 alternatives do not form an exhaustive list, they are among the most widely used and significant efforts to change the nature of work. Many of them encompass a variety of specific programs, and the terms we are using may themselves be umbrellas for a host of customized work systems and innovations. (For example, gainsharing might include the "Scanlon Plan" or "Improshare.")

HIGHLIGHTS AND CONCLUSIONS

The survey results are based on a random sample of 10,000 American Management Association members. Two mailings resulted in 1,618 usable responses, a sufficient number for determining where innovative work methods are being used and by whom. Although we cannot claim that our sample of AMA members accurately represents all of U.S. industry, we believe that it forms a sufficiently valid basis for some broad conclusions about the state of work in the U.S.

Among other findings, the results disclose:

- *A proliferation of alternatives.* Almost half of the companies studied use cross training; more than one-third use flextime, permanent part-time jobs, and quality circles. The latter idea, originally designed for problem solving on the shop floor, has spread to such unexpected places as government agencies and public utilities. Almost 30 percent use project teams.

- *Long-lasting changes in America's way of working.* Eight of the alternatives have been in place longer than five years, suggesting that these methods of organizing work are here to stay. This group includes cross training, permanent part-time jobs, pay-for-capability/skill, project teams, matrix organizations, and employee ownership/equity participation.

- *A narrowing of scope.* The trend, in recent years, has been toward job and quality of working life alternatives—quality circles, semiautonomous work groups, work at home arrangements, and the like. These innovations are likely to have less impact on organizational change.

- *Public sector innovation.* This sector now uses more innovations, on average, than their private-sector cousins—a surprising finding.

- *A curvilinear relationship between unionization and frequency of workplace innovation.* In other words, some alternatives are more likely to take root and flourish in either of two conditions: (1) no unionization, or (2) total unionization. This suggests that the middle ground—a mixture of unionized and nonunionized workers—may be less fertile for workplace innovation.

- *Company size makes a difference.* Smaller organizations seem to be fertile soil for certain kinds of alternatives—work at home arrangements, semiautonomous work groups, and work councils, for example. In contrast, over 40 percent of the largest companies studied offer formal training in participative management, a program found far less frequently in smaller organizations.

- *Workplace innovation relates to total effectiveness.* When the current findings are considered in the light of other research conducted by Goodmeasure and by Rosabeth Moss Kanter, the results show that certain companies are "progressive" in introducing more alternatives (and doing so earlier) than most other firms. Further evidence shows that such progressive companies achieve greater profitability. Over time, there is a strong link between workplace innovation, product innovation, and superior financial performance.

A NOTE ON THE SAMPLE

We should point out some potential sources of bias in our data. First, the sample consists only of AMA members. As a group, these respondents may be more interested in, and informed about, current management issues and leading-edge practices than most managers. Second, persons not using any of these work alternatives may have been less interested in completing the survey. Consequently, the data may be skewed in favor of those using the alternatives. (We doubt that this is a serious problem since 17 percent of our respondents claimed to use *none* of the work alternatives in our list.) Third, some persons may have lacked information about work alternatives inside their organization and simply not responded or answered with inaccurate information.

By and large, our sample is not strongly unionized; over half of the respondents work in nonunionized settings. We also found that the major segments of American industry are represented in the survey to an extent generally consistent with Bureau of Census figures.

NO EASY ANSWERS

The innovations work well in many companies. In other settings, they fail to take hold and fade away in a few years. Many quality circle programs, for example, began with a burst of enthusiasm, produced a few modest successes in the first six months or year, and then gradually lost steam until circle meetings became sporadic, then halted altogether (Lawler and Mohrman, 1985). Why aren't these programs more consistently successful?

Part of the problem has to do with the faddish nature of many of the work alternatives. A program engenders spectacular successes in a few large companies. Suddenly, the program is "hot." People write articles and books. Consultants

spring up with turnkey packages ready for instant adoption. Eager to be in the vanguard of their professions, managers latch onto whatever is currently in vogue without paying attention to whether the organization genuinely needs the program or how it can be adapted to fit the organization's competitive situation and culture.

The real culprit, however, isn't managerial naïveté so much as lack of access to the information needed to understand and assess the programs. This survey is offered as one step toward that objective.

In the remainder of this report we will touch on several important areas relating to the use of alternative work methods. We will discuss the common dimensions that run through these 21 different alternatives, where they are found in American industry and governments, and how they are used inside the organizations that adopt them. Finally, we will provide an in-depth look at four particularly interesting work alternatives. We will close by looking at the implications of using these new work methods and what they mean for managers in the decade ahead.

1

A Comparison of Alternative Work Arrangements: The Goodmeasure Model

We often read about workplace alternatives as isolated examples—a quality circle program in an auto assembly plant, or a job enrichment program in a telephone company. Finding the common threads is no easy task, and comparisons are difficult.

Before we look at how the alternatives operate and where they are used, we might consider answers to two basic questions. First is the issue of the alternative's intended impact. In other words, what *difference* might the use of a particular alternative make in the workplace? (It's a question that any manager well should ask before considering implementation.) Second, we need to sort through the similarities and differences among the programs. Indeed, how *can* we compare a quality circle in an auto factory with a job enrichment program in a telephone company?

A NEW MODEL FOR COMPARING WORK ALTERNATIVES

At first glance, many of the 21 workplace innovations appear to have few qualities in common. A small number involve new methods of altering work schedules. Several others provide employees with a greater variety of tasks or help these individuals develop and apply new skills. A few provide new ways to reward workers. Notwithstanding their obvious dissimilarities, several common dimensions run throughout.

One important dimension is the scope of the work alternative—which facets of the workplace does it focus on, and how far-reaching is the potential impact? Some alternatives (job enrichment or job rotation, for example) focus on changing the jobs of individual employees and improving their local working conditions—a limited scope. Other arrangements carry a broader scope—the capacity to change the firm's structure or culture.

The second dimension relates to the alternative's potential for providing employees with more power. Unfortunately, we tend to think of power in too limited a way—as when a manager uses authority or coercion to get subordinates to follow orders. It's more helpful and accurate, however, to think of power in terms of employees' capacity to mobilize the resources necessary to achieve a goal (see Kanter, 1977). To put it simply, the powerful are those who get things done. On the other hand, those who are powerless face a number of problems in being effective at their work. Because they do not control important resources (budgets, staff, equipment) or even the use of their own time, they tend to be less engaged, less committed, and less motivated.

The issue of power plays a vital role in our analysis and comparison of workplace alternatives. New arrangements that empower employees are more likely to result in increased productivity, improved morale, and greater commitment to the organization.

In what ways do companies empower employees? Job enrichment and work-redesign programs allow workers more discretion about when or how tasks are performed. Other alternatives do even more. Semiautonomous work teams, for example, may give employees almost total responsibility for deciding which tasks to perform, who will complete each task, and what materials and tools are used. Such groups can also monitor quality levels (see the case of the Volvo manufacturing facilities described by Gyllenhammer, 1977).

MAPPING ALTERNATIVE WORK ARRANGEMENTS

The model in Exhibit 1 compares work alternatives on the dimensions of their scope and empowerment. An alternative's position on the vertical axis shows its scope—whether it is likely to alter *individual*, job-related conditions or create more widespread organizational changes. The horizontal axis shows the extent to which an innovation empowers the participants.

The 21 alternatives fall into clear patterns when mapped on these two dimensions. A relatively large cluster focuses on individual, job-related conditions—but these alternatives also provide less empowerment. At the opposite extreme, some work arrangements prove high empowerment and simultaneously change organizational conditions (parallel organizations, semiautonomous or self-managed work groups, and equity participation, for example).

The model also helps us find groups of alternatives that share common features. We can identify four clusters: (1) job-related alternatives, (2) quality of working life alternatives, (3) alternative organizational structures, and (4) work alternatives that increase employee participation and control. Each cluster is distinctive in where the alternatives are used and the types of employees that participate, as the following discussion shows.

GROUP 1:

Job-Related Work Alternatives

This group includes:

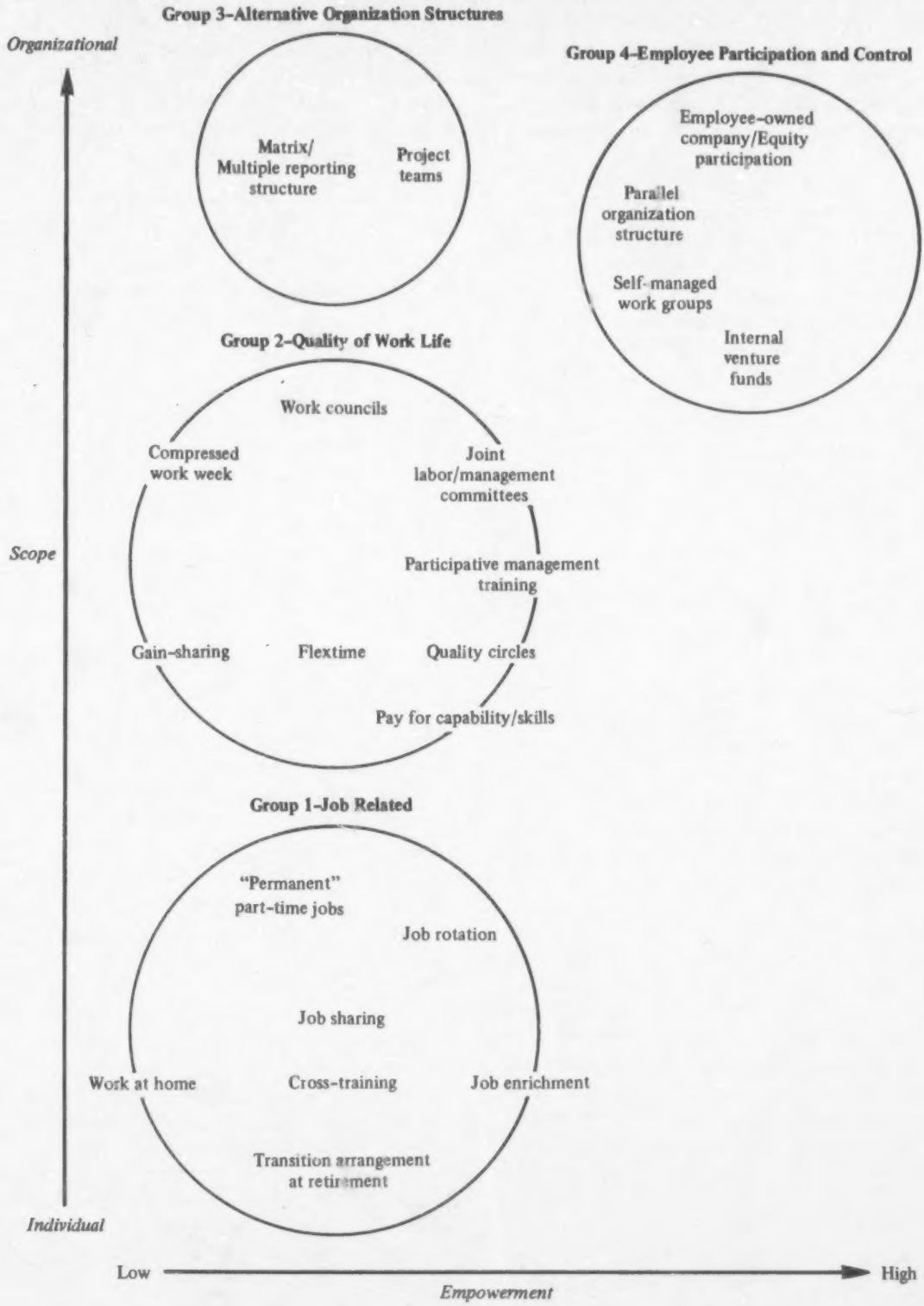
- Job enrichment
- Work-at-home
- Cross-training
- "Permanent" part-time jobs
- Job sharing
- Transition at retirement programs
- Formal job rotation

These programs attempt to improve individual, job-related conditions—and they also tend to provide low empowerment. In virtually all cases, the Group 1 alternatives are aimed at individual employees in an effort to enhance or alter their skills and tasks. Some have more to do with work scheduling (for example, part-time job arrangements, job sharing, and work-at-home programs). Others expand the job or provide a greater variety of tasks (job enrichment, cross-training, and formal job rotation).

Many of these innovations have been around for a number of years. In a majority of cases, the companies surveyed began using them over five years ago. Two of the most popular programs for the entire sample—"permanent" part-time jobs and cross-training—have been used for a long time.

What is most distinctive about job-related work alternatives is their limited use inside the organizations that have adopted them. For one, they are likely to be found in only one or a few sites and

Exhibit 1. Goodmeasure model for comparing alternative work arrangements.



work units. Only one third of the organizations studied implemented them throughout the entire workplace.

The percentage of employees involved also tends to be small. Programs such as work-at-home arrangements, part-time jobs, and preretirement arrangements usually involved less than 10 percent of the employees in a given organization. These alternatives are targeted for specific employee groups. For instance, work-at-home arrangements are most commonly used by professional and technical employees. One high-technology firm we surveyed allows its software engineers to work at home where they communicate via computer with the office. Likewise, work arrangements such as part-time jobs and job sharing are most commonly used by clerical and hourly blue collar employees.

By and large, however, the work alternatives in this first group were aimed at white collar, office employees. Specific programs like job enrichment and transition arrangements at retirement were often used by professional, middle, and senior management employees. Rarely were these new work arrangements used by several levels of employees, from hourly workers on up to senior managers. We found that our survey respondents (who came primarily from middle and senior management levels) were not themselves as likely to participate in these kinds of work alternatives.

GROUP 2

Quality of Working Life Alternatives

This group includes:

- Gainsharing
- Flextime
- Compressed work week
- Quality circles
- Joint labor-management committees
- Work councils or communications councils
- Formal training in participative management
- Pay-for-capability/skills

The second cluster is broader in scope than the first and more likely to effect change in the larger organization. In some cases, these alternatives empower their participants more: they enable employees to decide how and when tasks are performed; they allow union members and managers to solve problems jointly; and they create reward/compensation systems based not just on seniority, but on knowledge as well.

Quality of working life alternatives represent some of the more well-known—indeed classic—efforts to improve workplace conditions. Joint labor-management committees, quality circles, and training in participative management immediately come to mind. Several of these alternatives are used extensively. Quality circles and flextime, for instance, were each adopted by one third of our sample. There is, however, no clear pattern within this cluster of programs regarding the length of time they had been in use; half were adopted over five years ago and the other half were implemented more recently.

Some of the work arrangements in this group have been around for many years, such as gainsharing systems. The Scanlon Plan, one type of gainsharing system, was first used in the 1930s. On the other hand, quality circles are still in their infancy: 75 percent of the users implemented their circles within the past five years.

Quality of working life alternatives differ from job-related alternatives in other ways. Many are commonly used throughout an entire company, not just at a single site or work unit. In addition, these programs involve more employees—in some cases, virtually all of the employees in a company.

Many types of employees participate in quality of working life programs. Contrary to popular image, there are high levels of participation, not only among hourly and clerical workers, but from supervisors, professional, and managerial employees as well. Even senior-level managers are involved in training programs for employee involvement, gainsharing, and pay-for-capabilities and skills systems. Where they are used, the quality of working life alternatives undoubtedly have a large impact on the organization. They result in changes in compensation systems (gainsharing, for instance), provide greater opportunities for problem solving (like quality circles and labor-management committees), and involve more types of employees.

Many of our respondents participated in Group 2 work alternatives. A surprisingly large number were personally involved in work councils/communications councils (63 percent) or participative management training (76 percent).

GROUP 3

Alternative Organizational Structures

This group includes:

- Matrix or multiple-reporting structures
- Project team or project-based organization

Our third cluster consists of workplace innovations that lead to new organizational structures. Nearly one-quarter of our respondents use matrix management structures and project team or project-based organizations—the two alternatives that comprise the group. Their scope is primarily organizational; these alternatives usually require new reporting relationships and channels of communication, as well as shared responsibility for certain kinds of tasks. In many cases, Group 3 alternatives have been in effect for more than five years.

These alternatives do not necessarily provide high empowerment for their participants, however. More precisely, they may alter the formal structure but employees affected by the new arrangements will not necessarily have more power to do their work.

This cluster resembles the job-related alternatives in where and how they are used. In both groups, the work arrangements are used intermittently throughout an organization. Less than one-third of the organizations using alternative structures implemented them throughout the entire organization. Usually, they are restricted to either one or just a few work units or sites. Likewise, the proportion of employees that participate is relatively small (in about half of the cases only 25 percent or less of the organization's employees). Without question, alternative organizational structures are not as widely used inside the organizations that adopted them as the work arrangements in the previous group.

The type of employees that become involved in matrix structures and project-based organizations is limited. Here again, this cluster is mostly restricted to middle managers and professional and technical employees. For example, in one company, an agricultural equipment manufacturer, project teams of technicians and engineers are organized in the research and development function to design new products. Once a prototype is created, the team is disbanded and the members are assigned to new teams. The company then turns the initial development work over to the manufacturing department to begin producing the equipment.

Here again, many respondents had first-hand experience with alternative organizational structures. But they did not rate them as highly as most of the other work innovations. In general, the participants in this survey considered the overall results of the work arrangements in Groups 1, 2, and 4 to be positive, and those in Group 3 not as satisfactory.

This final cluster is without doubt a mixed group:

GROUP 4

Employee Participation and Control

This group includes:

- Semiautonomous work groups
- Internal venture funds or other entrepreneurial opportunities
- Employee-owned organizations or equity participation
- Parallel organization

only four programs fall within this category, but each one is unusual. Two of the alternatives—equity participation and parallel organization—allow workers to exercise greater control or have more influence in the governance of the organization. This is especially true when companies are wholly owned by their employees. The other two alternatives—semiautonomous or self-managed work groups and internal venture funds—provide less opportunity to participate in decisions affecting the entire organization. Instead, they give employees responsibility for running smaller units. For instance, a company could set up a research and development group and separate it from the rest of the organization, as IBM did when it created its personal computer. Or it could give an assembly work group the freedom to decide how it will complete tasks, who will do certain jobs, and how quality standards will be enforced.

In all of these cases, however, there is a tremendous reshuffling of organizational arrangements. As workers are given more autonomy, the traditional roles of managers and supervisors begin to blur. Managers sometimes function more like consultants, giving advice rather than directives. Likewise, these alternatives are more empowering; they provide new responsibilities, greater control over work processes, and are undoubtedly more visible to top management.

We found that the work alternatives in Group 4 were used less often than most of the others. In part, this may be because two of the programs (the parallel organization and internal venture funds) are relative newcomers. Barring employee-owned organizations or equity participation, Group 4 alternatives were not widely used throughout the organizations that had adopted them. Furthermore, the percentage of participants was low, especially compared with the proportion of employees involved in the quality of working life alternatives.

One work arrangement in particular—employee-owned organizations or equity participation—differs significantly from the others in this cluster. A much higher percentage of the organizations allowing equity participation (through stock options and partnerships) make it available throughout the entire organization, and a large number of persons participate. In addition, this alternative involves all types of employees from different levels, including hourly, clerical, professional, and managerial.

In general, Group 4 alternatives involve a greater percentage of professional and managerial personnel. We also found a higher rate of participation among senior-level managers in this cluster. Many of our survey respondents were personally using these work alternatives. There may well have been more first-hand experience and familiarity with the workings of these programs compared with others in our survey.

CONCLUSION

This completes our brief comparison of the 21 work alternatives. We have observed that many are similar in terms of the employees who participate, and how widely the programs are adopted inside their host organizations. At the same time, we have seen the major differences among the four groups of work alternatives. The cluster of

job-related alternatives, which provided less empowerment, is certainly popular, but the alternatives are used in a limited way (by fewer employees and in only a few work sites or units). The quality of working life alternatives, on the other hand, seem to be spread more evenly throughout the host organizations. The last two clusters, the alternative organizational structures and opportunities for participation and control, have a broader organizational scope and provide greater empowerment. They are used primarily by managers and professionals, however, and do not extend to workers at lower organizational levels.

Although our model has only captured two core dimensions—the empowerment and scope of these innovations—it does help us understand some of the common elements in this seemingly diverse collection of new work arrangements. Now let's step back and address a different but equally important issue—where work alternatives are used. The next chapter looks at the variety of organizations and industry settings where these work innovations have been put into place. This leads to a issue of even greater importance: the impact on company performance.

2

Painting the Landscape: Where Work Alternatives Flourish and Thrive

There has been very little research showing where alternative work arrangements are in use—how various industries have responded to the alternatives, how the presence of a union influences adoption, or how small or medium-sized firms have reacted to the possibility of changing the traditional work rules. This last area merits special attention: finding ways to boost productivity and morale carries higher stakes than in the larger organizations. (For some earlier attempts to catalog work alternative programs, see Katzell et al., 1977, and Guzzo and Bondy, 1983).

Let's begin by looking at the percentage distribution of alternatives across the entire sample (Exhibit 2), and by noting the work alternatives that seem to be most popular (Exhibit 3). If we turn back to the Goodmeasure Model in Chapter 1, we see that the popular alternatives typically provide lower empowerment. Cross-training and "permanent" part-time jobs are both job-related arrangements, and quality circles and flextime fall into our cluster of quality of working life programs. The work alternatives that provide more empowerment and have an organizational scope (Groups 3 and 4) are not used nearly as often.

We also noticed that the most commonly used alternatives are popular across many different settings. Exhibit 3 lists the most commonly used programs in the public sector. Once again, a core group is prominent (cross-training, "permanent" part-time jobs, quality circles, and flextime). We found these five alternatives to be the most prevalent programs whether the organization was small, medium, or large.

Exhibit 3 also identifies the least popular work alternatives. This list includes several programs that provide greater empowerment for employees, such as internal venture funds, parallel organizational structures, and pay-for-capability/skills systems. Because these arrangements demand greater resources and expertise, they are more often used in larger organizations. They also tend to be used for select employee groups. Work-at-home arrangements, for example, are targeted for professional and technical workers, and job sharing is most frequently used by clerical staff.

THE LONG-TERM USE OF WORK ALTERNATIVES

To some extent, the success of a work alternative influences how long it lasts. Many people believe that these work innovations are merely "experi-

Exhibit 2. Percentage distribution of alternatives.

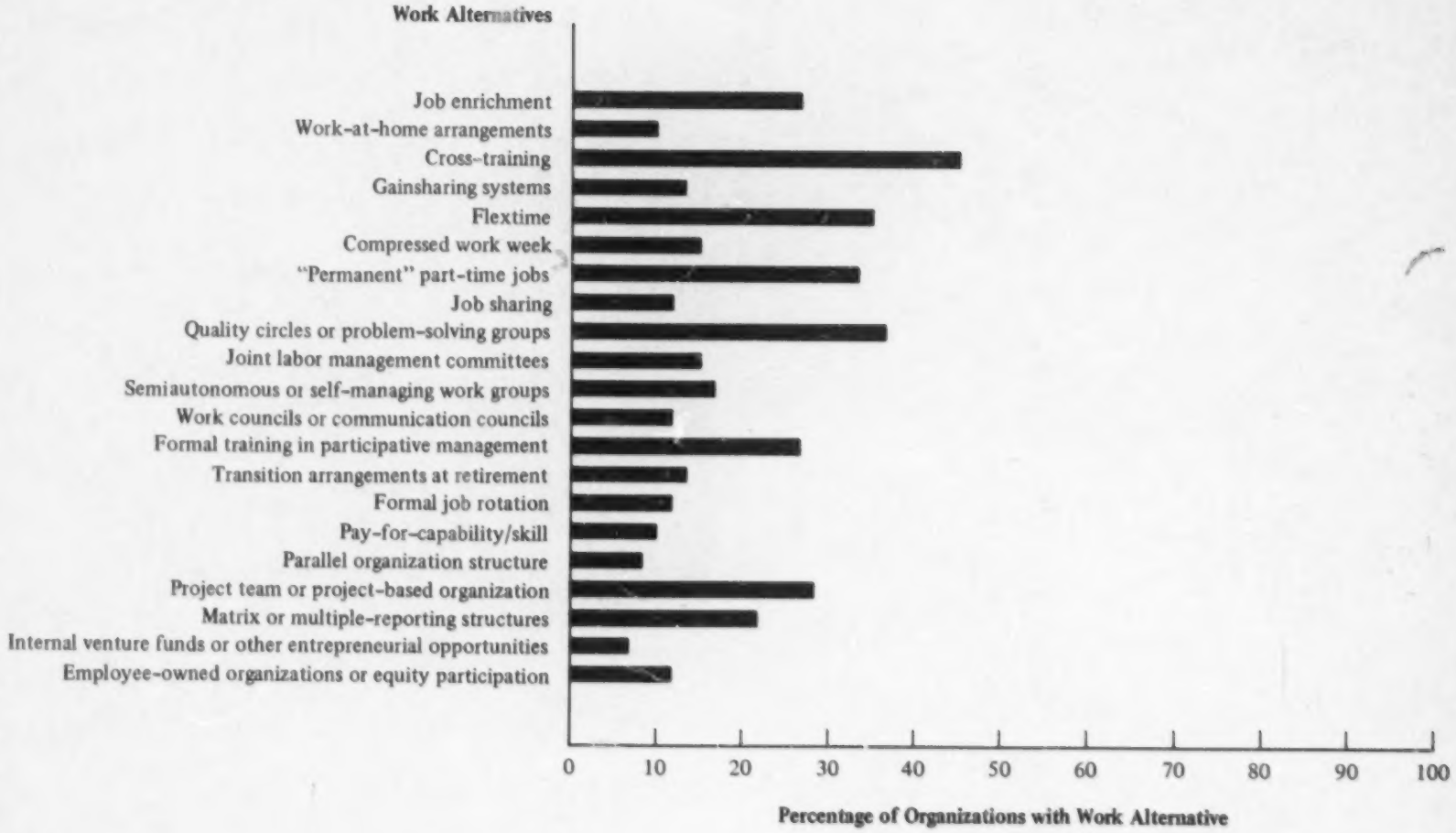


Exhibit 3. The most (and least) popular work alternatives.

The five most frequently used alternatives for the entire sample

Cross training	44.6%
Quality circles	36.3
Flextime	34.8
Permanent part-time jobs	34.1
Project teams	27.6

The five most frequently used alternatives in the public sector

Cross training	46.7%
Flextime	46.5
Permanent part-time jobs	45.7
Quality circles	39.4
Job enrichment	34.0

The five least popular alternatives for the entire sample

Internal venture funds or entrepreneurial opportunities	6.9%
Parallel organization structure	8.5
Pay-for-capability/skills	10.0
Work-at-home arrangements	10.2
Job sharing	10.9

ments" that disappear within a very short period of time (see Serrin, 1984). Our survey results suggest that just the opposite is true; that in a number of cases, these work alternatives have been in use for five or more years.

Exhibit 4 lists the programs that, in the majority of cases, were adopted over five years ago, as well as those adopted by the majority of respondents within the past five years. The established programs outnumber the newcomers. Moreover, those organizations that started using the alternatives earlier currently use more alternatives, compared with those companies that were slower to innovate. These findings are consistent with research on America's progressive companies by Rosabeth Moss Kanter and Goodmeasure. Their earlier studies revealed that a number of "progressive" business firms had been using many of the same alternatives for ten years or longer (see Kanter, 1983; Kanter and Summers, 1984).

Our current research also uncovered major differences between the recently adopted programs

and the more established initiatives. The older programs tend to have a broader scope, are more likely to bring about changes in company culture, and provide greater empowerment to employees. Among the newer arrangements, quality circles tops the list: 75 percent of the organizations using this innovation implemented it within the past five years. The quality circle idea has received widespread attention, and a host of books, articles, and management conferences have touted its virtues. This fanfare, coming during a period of keen interest in Japanese management, accounts, in part, for the flurry of implementation. Although we can't challenge the notion that quality circles have been very successful in a variety of settings, we must recognize that this innovation has a limited scope and provides only modest empowerment.

In addition, the "older" and "newer" programs tend to be designed for different types of employees. The newer programs focus on changing working conditions for persons from the lower organizational levels, including the hourly, clerical, and first-line supervisors. Those programs that have been around longer were designed more for professional, technical, and middle-level management employees.

ADOPTING MULTIPLE WORK ALTERNATIVES

Most of the organizations in our sample currently use several alternative work arrangements, and nearly three quarters use two or more. It turns out that the public sector uses more alternatives, on the average, than for-profit organizations (see Exhibit 5). The numerical differences are not large, hence we do not wish to dwell on the discrepancy—except to point out the direction it suggests: our sample of public sector organizations may be especially progressive in using more alternatives and adopting them earlier.

To a large extent, multiple use is a function of size. There is a direct relationship between the size of the organization's workforce, its sales revenues, and the number of programs it is likely to have in place. On the average, the larger organizations use more programs. The government agencies in our sample were also larger, which may account for their higher use of work alternatives.

We found little relationship between the unionization of the workforce and the number of work alternatives adopted. Organizations that are either partially unionized (1 to 24 percent of the workforce) or heavily unionized (75 to 100 percent of the workforce) use a slightly larger number of programs.

HOW LARGE DO YOU NEED TO BE TO USE ALTERNATIVE WORK ARRANGEMENTS?

The initial answer to this question is encouraging. As it turns out, a number of work alternatives have been widely adopted by nonprofit organizations, government agencies, and small business firms (often fewer than 100 employees). Moreover, three alternatives are more likely to be used in organizations with fewer than 500 employees: work-at-home arrangements, semiautonomous or self-managed work groups, and work councils/communications councils. Perhaps these innovations represent a more effective way to organize smaller workplaces, particularly those resembling "cottage industries." In such settings work teams serve coordinating roles, there are fewer middle managers, and tasks can be performed as easily at home as on the work site.

Several work alternatives appear with equal frequency in organizations of all sizes—a surprising finding. Generally, the business press has looked at work alternatives in larger, *Fortune* 500 firms, and has missed the fact that so many programs

Exhibit 4. Length of time work alternatives have been used.

Top five work alternatives in existence for five years or less

Alternative	% *
Quality circles	75.0
Job sharing	54.0
Compressed work week	52
Formal training in participative management	51.8
Parallel organization	51.1

Top work alternatives in existence for more than five years

Alternative	% *
Permanent part-time jobs	63.3
Project team	56.6
Formal job rotation	56.3
Matrix	56.1
Employee-owned company/ Equity participation	56.1
Cross-training	54.2
Pay for capability/skills	50.6
Semiautonomous work teams	50.2

* Percentages based on number of respondents who reported using each work alternative. Time was measured by asking respondents if work alternative had been used for "five years or less" or "more than five years."

are also being used in smaller firms. This "common core" includes flextime or flexible schedules, cross-training, and quality circles.

We also observed that in organizations with fewer than 500 persons, job-related work alternatives were more prevalent (such as job enrichment, "permanent" part-time jobs, and cross-training). The firms and agencies with over 500 members were more likely to adopt new work arrangements that entailed a broader organizational scope. The larger firms also made greater use of quality of working life alternatives (in particular, formal training in participative management and quality circle programs).

Exhibit 5. Average number of work alternatives used.

	Average Number of alternatives used
Sector	
Private	3.9
Public	5.2
Organizational size (By number of employees)	
Under 100	3.3
100-499	3.4
500-999	3.7
1,000-9,999	4.3
10,000-19,999	4.5
Over 20,000	5.8
Percentage of employees in organization who are union members	
0% (no union members)	4.0
1%-24%	4.4
25%-75%	4.4
Over 75%	
Industry type	
Manufacturing	3.7
Public services	4.8
Wholesale/ retail	2.4
Communications/ Media	3.8
Financial services/ Real estate	3.9
Professional services	4.0
Construction	4.0
Other	3.8

WORK ALTERNATIVES AT THE PLANT LEVEL

It is commonly assumed that quality of working life programs are restricted to manufacturing plants. We compared the programs being used at the plant level and at the corporate and group levels, and once again found that there were few differences among them. However, the plants made greater use of four specific alternatives: cross-training, quality circles, joint labor-management committees, and formal training in participative management.

In general, the manufacturing plants in our sample used programs that were less empowering for employees. The popular programs at the plant level tended to fall within the job-related and quality of working life clusters. But overall, the differences we found between plant and corporate settings were ones of degree and not of kind.

WORKFORCE UNIONIZATION AND THE ADOPTION OF WORK ALTERNATIVES

Because union members and representatives can significantly help or hinder the implementation of new programs, we took a careful look at how workforce unionization (measured as the percentage of total employees in a union) related to workplace innovations.

Several alternatives occurred with greater frequency in companies with no union representation, and several other alternatives were more common in highly unionized settings (see Exhibit 6 for the details). What was most surprising, however, is that *half of the alternatives show a curvilinear relationship with unionization:* That is, the alternatives are used less and less as more employees participate in a union, but this trend reverses when the workforce is almost completely unionized (75 to 100 percent). At the highest levels of unionization, these work alternatives are used much more frequently (see Exhibit 7 for a list of alternatives where this occurs).

We might suggest two explanations for this finding. For one, the partially unionized organizations may be companies (or agencies) where unions have won only limited victories and have not been successful in organizing many employees eligible to join (e.g., clerical, various craft workers, engineers, and other professionals). As a result, there may be greater conflict, making implementation of *any* work alternative difficult. Second, in companies with partial unionization, the union leadership could be apprehensive about new work methods eroding the union's power, especially programs that provide alternative forums for resolving labor-management problems. In these settings, work alternatives may be less popular, especially if they begin to perform certain functions and services that unions typically provide (such as grievance resolution or communication to top and middle management).

INDUSTRY DIFFERENCES IN THE USE OF WORK ALTERNATIVES

Although our survey found that work alternatives are being used throughout all industries, certain industries provided a more hospitable environment for their development. For instance, in all the industries except professional services and manufacturing, cross-training was the most frequently used program. Among manufacturers, the most commonly used program was quality circles. In the professional services industries, project team programs were the most popular. In the manufacturing sector the least common alternative was work-at-home arrangements. And in the public services, not surprisingly, employee-ownership and equity participation were rare.

In general, manufacturing and public services used more work alternatives. The wholesale/retail industries used the fewest.

Exhibit 6. Work alternatives and unionization.

The following work alternatives showed greatest use in nonunionized companies

Work-at-home arrangements
Gainsharing
"Permanent" part-time jobs
Work councils/communications councils

The following work alternatives showed greatest use in highly unionized companies

Job enrichment
Cross-training
Flextime
Compressed work week
Job sharing
Joint labor/management committees
Semiautonomous or self-managed work groups

We also discovered wide variation in how recently these work alternatives were adopted. For instance, the construction and transportation industry group and public services began using more work alternatives earlier than other industries. The financial/real estate services and manufacturing industries were relatively late in adopting them.

The professional services industry stands out in other ways as well. It involves larger percentages of employees in its work alternatives and makes more of an effort to involve hourly workers. Manufacturing and financial/real estate services have also made greater attempts to involve workers from all levels. (In the remaining industries, the programs were aimed at professional and technical employees.)

WORK ALTERNATIVES AND THE BOTTOM LINE

One important question remains unanswered: "Do the new work structures make a difference in an organization's performance?" These programs purportedly enhance the quality of working life and hopefully contribute to the company's bottom line. Can the impact be measured? The answer is an unreserved "yes," and our study of work alternatives closely parallels previous research conducted by Yale University business professor and Goodmeasure (see Kanter, 1983; Kanter and Summers, 1984).

In a report on America's "progressive companies," Kanter and Goodmeasure looked at the financial performance (over a 20-year period) of firms that

Exhibit 7. Work alternatives showing a curvilinear relationship with unionization (figures are percentages).

	Percent of workforce that is unionized			
	0%	*1-24%*	*25-75%*	*Over 75%*
Job enrichment	27.7*	27.3	25.0	29.2
Work at home	11.8	11.2	6.7	9.0
Cross-training	45.0	45.7	43.3	46.1
Flextime	37.5	34.5	27.8	42.7
Compressed work week	16.4	12.9	11.5	19.1
"Permanent" part-time jobs	36.1	32.7	30.3	33.7
Job sharing	10.7	11.5	10.1	13.5
Semiautonomous/self-managed work groups	19.3	14.7	11.5	22.5
Work councils/communications councils	13.7	12.2	9.8	12.4
Parallel organizations	7.7	11.2	7.3	10.1

*Interpret the numbers in this column as follows: For the organizations where 0.0 percent of the workforce is unionized, only 27.7 percent of those organizations actually use job enrichment. Numbers do not total to 100 percent for each column since more than one work alternative could be used by any organization.

were identified as "progressive" in using innovative human resource practices and programs. The researchers compared progressive companies (nominated by human resource experts in the *Fortune* 1200) with a matched set of "nonprogressive companies," which used fewer alternative work arrangements. The study also looked at human resource programs that provided family and personal support (such as child care and employee assistance programs) and equity assurance (such as affirmative action programs). The comparison revealed that the progressive firms consistently outperformed the nonprogressive companies in terms of sales, assets, return on equity, and return on total capital. The companies that were willing to invest in their human resources by providing innovative and alternative ways to work gained clear financial rewards. Although the progressive companies were usually large (*Fortune* 500 firms), they covered a number of industries, including manufacturing, transportation, financial services, and electronics.

Of course, adopting innovative human resource programs and alternative work arrangements does not in and of itself guarantee financial success. The progressive companies in this study had worked very hard to create a climate where work innovations could flourish. These were companies skilled in using alternative work arrangements in a way that could increase both human and financial gain. We would emphasize that, aside from a concern for social responsibility and an interest in adopting innovative, leading-edge management practices, there are solid business and financial reasons for adopting work alternatives.

CONCLUSION

What general lessons can we draw from this brief look at where alternative work arrangements flourish? First, not all work alternatives flourish equally as well. A few are common to many settings, including plant and corporate offices, the public and private sector, and small and large organizations. It is clear that work alternatives which provide less empowerment and focus on individual and job-related conditions are more prevalent. However, the large companies and government agencies, the organizations with greater resources and visibility adopt work alternatives that are more empowering and have a larger, organizational scope (such as the parallel organizations, equity participation, and entrepreneurial or venture funding).

It is encouraging that a number of alternatives are used effectively in both small- and medium-sized firms and in union and nonunion settings. We would suspect that over the past few years, many work innovations have spread throughout large segments of American industry and government. At present, work alternatives undoubtedly thrive in a wide variety of organizations.

Our treatment of any single work alternative has had to be brief and cursory in order to cover a broad landscape of organizational settings. We will now take a closer look at four specific work alternatives—job enrichment, quality circles, the matrix structure, and the parallel organization structure—focusing on the mechanics of how they work. In addition, we'll look at examples of their use at the organizations where they are most commonly found.

3

Profiles of Four Work Alternatives

In Chapter 2 we compared alternative work arrangements and identified the kinds of organizations that use them. We will now examine four programs: job enrichment, quality circles, matrix structure, and parallel organization structure. Each represents one of the four groups in our model. We chose these alternatives not simply because they are used more often but because they illustrate different patterns of use and employee involvement across many work settings. In this chapter we will provide a description and history of each and discuss where it has and has not been used successfully.

JOB ENRICHMENT

Job enrichment, as defined in this survey, includes a number of programs that give employees a sense of accomplishment and achievement, provide opportunities for personal growth and development, and increase motivation. However, these programs usually provide less empowerment and have less organizational, hence more individual impact than the other three.

Often, job enrichment expands a person's responsibility to include planning, scheduling, and reporting on his/her own tasks. By definition, an enriched job is a more complex job. It requires greater skills and relies more on individual judgments (Alber and Blumberg, 1981).

Because job enrichment has been defined and applied in many ways in many different situations, it is hard to give a concise outline of its history. Several companies have been leaders in initiating job enrichment programs. AT&T, for example, began its effort two decades before divestiture.

Here's how one company enriched the jobs of its clerical workers. Processing a case file in the Group Policyholders' Service Department at the Guardian Life Insurance Company took several steps, each performed in assembly-line fashion by a different person at a different desk. Files were hard to find, and as a result responses to client inquiries were often delayed. Since no single person was responsible for an entire case, there was little basis for meaningful recognition of achievement, and morale was low.

A work improvement effort led to the creation of task units that combined policyholder service and accounting functions for geographic areas. An "account analyst" was given responsibility for a set of clients and provided services that had formerly been assigned to different workers. As a result, individual accountability for overall results grew. Although the new work system at Guardian called for more training for the people involved, it

produced cumulative increases in productivity of about 33 percent over four years, as well as improved morale (see Walton, 1979). The program did not, however, alter Guardian's organizational structure significantly.

The technique of combining previously separate tasks and functions is a common way of enriching jobs. Work that has been fragmented into simple operations is organized into a whole that involves more of an employee's skills and knowledge. Here is another example: Assemblers of electronic components might be made responsible for inspection and quality-control testing of their work, even handling maintenance duties on their own equipment. At AT&T, for instance, shareholder inquiry clerks had their jobs systematically enlarged through on-line terminal access to a shareholder data bank. In addition, the clerks participated in the physical redesign of individual workstations to accommodate the new equipment and the added job functions (Gurlin and Schein, 1984).

In smaller or growing organizations, enriching the tasks in an employee's area of responsibility often occurs informally. By their very nature, smaller organizations require that employees be versatile, wear many hats, and learn many skills. In large organizations, on the other hand, jobs are usually more defined and employee tasks more specialized.

Survey Results for Job Enrichment

Of the organizations we surveyed, 27 percent used this work alternative. Job enrichment programs were found most commonly in either very large public sector organizations ($1 billion or more in annual budget and over 20,000 employees) or very small companies (sales of $25 million and under, 100 employees or less).

Typically, the programs were intended for professional/technical employees in the public sector, especially in the federal government. Although job enrichment programs for hourly employees were rare, they were most likely to be implemented in large, unionized companies. But overall, the more unionized a company's workforce, the smaller the percentage of employees involved.

Of the companies that had implemented job enrichment, a surprising 39 percent indicated that the entire organization participated. Involvement was most widespread in small and very large nonunionized companies. Unionization seems to discourage job enrichment--which is not surprising, since such programs often expand job responsibilities. Unions often bargain for clearly defined jobs with specific task boundaries, which runs counter to the very idea of enriching jobs.

Perhaps for similar reasons, employees targeted for job enrichment are usually at the professional/technical level, then middle managers, then supervisory staff. It applies least often to hourly workers and clerical staff. Companies with 100 employees or less used this alternative for essentially all employee groups except hourly workers. For the most part, only organizations with $1 billion or more in sales or annual budget included hourly staff.

Survey respondents who had themselves participated in job enrichment programs tended to view them favorably (59 percent). However, this work alternative was not rated as highly as others. The highest ratings came from people in general management at the corporate level, marketing and personnel at the group level, and people working in small (100 employees or less), nonunionized companies.

QUALITY CIRCLES

One of the most widely touted new style work arrangements, quality circles ranked as the second most prevalent alternative among the companies surveyed; an estimated 3,000 companies through-

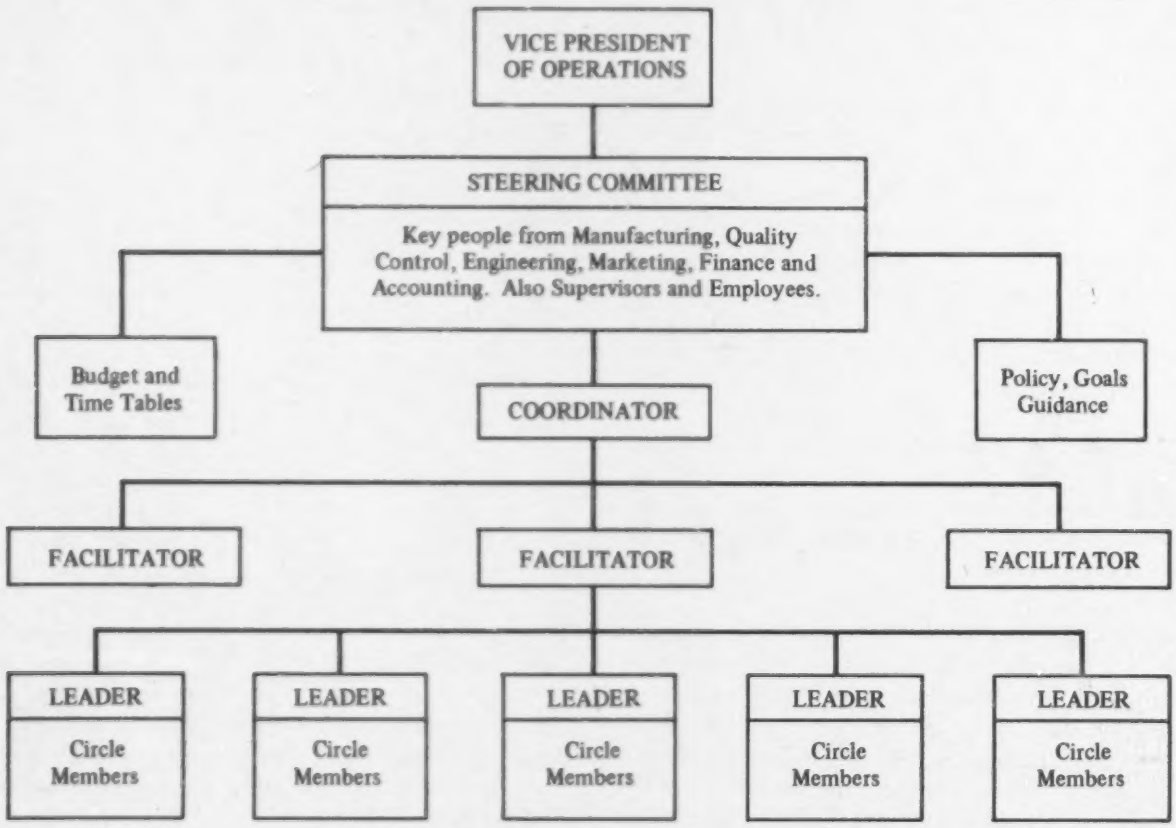
out the United States use them, and the movement has grown from 1,000 registered quality circles in 1964 to 87,500 in February 1978 (Sule and Strack, 1983). Some companies assign large departmental responsibilities to quality circles. Toyota, for example, assigns over 90 percent of customer complaints to its own circles for response and correction. At present, some 250 consulting firms specialize in designing and implementing circles, and many groups and associations are devoted solely to the "quality circle movement."

In the Goodmeasure model, quality circles fall in the middle, providing moderate empowerment for participating employees and creating changes in both individual and organizational conditions.

The basic idea is simple; instead of merely performing the job, workers participate in improving the local job environment and the quality of the product or work processes (Sule and Strack, 1983). Most often, a quality circle consists of a group of four to ten employees engaged in similar work activities. Its purpose is to use the expertise of each member to identify and solve problems related to his or her work. Exhibit 8 shows a typical quality circle organization.

Quality circles can contribute dramatically to improving overall operations. Companies have reported savings of $50,000 and up from individual circles. In 1983, a quality circle at the Western Electric plant in Shreveport, Louisiana, reported

Exhibit 8. A typical quality circle organization.



saving over half a million dollars from one project alone. Quality circles have provided a return on investment from two- to eightfold.

The quality circle movement originated in Japan about 30 years ago where, ironically, it was introduced by two American consultants, J. M. Juran and W. Edwards Deming. In 1969, Sidney Rubenstein, a management consultant, visited Japan to observe quality teams; he returned to the United States and began promoting quality circles here. By 1974, this work alternative had been used at such firms as Lockheed Aircraft Corporation and at Honeywell Corporation.

Survey Results of Quality Circles

About 36 percent of our respondents reported having quality circles, with the overwhelming majority developed over the past five years.

Quality circles are most prevalent in larger, nonunionized, public sector organizations. The larger the organization, the greater the use of quality circles: Over half of our respondent organizations with 20,000 or more employees use quality circles. Although few small companies or government agencies had quality circles, those that tried circles had been using them longer than the larger organizations. Quality circles were newest in organizations with sales of $1 billion or more.

Organizations with quality circles usually involve less than half of their workforce. However, in nearly 23 percent of the firms and agencies with this alternative, more than half of the workforce participated.

Many companies using circles are steadily increasing their employee participation. For instance, in 1983, at Northern Telecom's Morrisville and Creedmoor plants there were 16 quality circles involving 10 percent of the 2,000 workers. Thomas Cleve, a Northern Telecom division director, estimates that by late 1986 there will be 100 circles involving 70 to 75 percent of the workers. At Honeywell there were 40 quality circles in 1979 and 251 in 1981, with an expectation that the total number will eventually stabilize at about 1,000.

As with job enrichment programs, quality circles tend to involve the greater percentage of employees in either very small (under 100 employees) or very large private sector organizations, especially those that are nonunionized. Nearly one quarter of the organizations with 100 employees or less claimed to involve virtually all of their workforce. Curiously, while quality circles were associated with high union participation (over 75 percent of the workforce), they were also associated with partial unionization (less than 25 percent of the workforce).

Although quality circles were originally designed for blue collar workers in manufacturing settings, our survey shows that a significant number of quality circles involve white collar workers in R&D, cash management, public relations, accounting, secretarial, support personnel, and so on.

Private sector, not-for-profit organizations involve the highest percentages of managers, while for-profits involve the highest percentages of clerical and hourly staff.

Overall, quality circles rated well, with the largest percentage of respondents calling them "very good."

THE MATRIX STRUCTURE

Matrix structures were first used in the U.S. aerospace industry. Evolving out of project management systems, the matrix is an alternative to the conventional hierarchical structure in which each person has one boss and there is a clearly defined, single chain of command.

Matrix structures are most commonly found in industries and organizations where information needs and complexity are high. Organizational units are linked vertically as well as laterally to assure effective coordination and timely response to important problems. In a typical matrix structure, some middle managers have two or more bosses, each representing a different organizational focus or unit (such as department, product area, or geographical region).

For example, Monsanto undertook a complete restructuring over a decade ago when they introduced a matrix to create a more responsive company. Monsanto placed its product managers at the same level as functional managers for sales, manufacturing, and research. Previously, all functional area managers reported to the product manager. Now, with the restructuring, all the managers were peers, who had to cooperate more with each other and share information. In the words of Ernest Robson, Monsanto's vice president of corporate marketing: "It's an attempt to have the best of both worlds: functional excellence and business management excellence." Monsanto president Richard Mahoney comments that the controlled tension between areas which is created by matrix structures is often healthy, and that, indeed, the matrix structures created at Monsanto's agricultural and textile companies have been highly successful. When a company can be organized around many areas (functions, geographic areas, product, services, or market areas, etc.), and two or more areas need considerable attention, a matrix structure can often balance the diverse needs of the company in meeting its goals. For example, at G.E. Medical Systems, "matrixed" managers report to both the function where the manager traditionally worked and to a program's office where tasks would be integrated for a particular product (Kanter, 1983).

When decision making is too centralized, it is often appropriate to create a matrix structure. Often problems get funneled upward because few people at lower levels have the power or the access to resources to make decisions. Matrix organizations are designed to give more employees the ability to make decisions, rather than having to "ask the boss." "The matrix design, properly applied, tends to develop people who think and act in a general management mode" (Davis and Lawrence, 1977) and therefore make more decisions on their own. Because of their exposure to other areas in the company (that is, through their reporting network), employees are capable of making effective decisions because they gain a broader perspective.

Virtually all organizations seek to maximize the use of their people and equipment, without overloading either. Often, resources have to be available in a very flexible arrangement, where managers or professionals can work among several departments or product areas. The matrix design helps induce behavior that recognizes the high value of shared resources. Matrix structures involve individuals who have knowledge resources. The goal is to strike a balance between "two heads are better than one" and "too many cooks spoil the broth."

The relationship that develops among participants in a matrix structure is sometimes marked by incomplete control, conflict, and role ambiguity. At First Chicago, some managers complained that the scores of committees, councils, and task forces created to increase communications actually take them away from running the business. Increased interaction, conflict situations, and living with constant ambiguity may call for skills that few managers are accustomed to using or have been trained to use. But successfully implemented and managed, matrix structures achieve greater integration because employees develop strong interfunctional relations, routinely share information, and help build a culture of teamwork.

Survey Results for Matrix Structures

For the most part, we found matrix structures in

large, unionized organizations where they had been in place for five or more years. The larger the company in number of employees and sales, the longer the program had been in existence.

Although 32 percent of the companies with matrix structures have diffused this alternative throughout their organizations, very few of the programs involve everyone. The companies that included a large percentage of their employees tended to be small to mid-sized, partially unionized, private sector firms, with sales of $25 million or less.

The types of employees that participate in a matrix structure also differ from employees working with other alternatives. Matrices usually involve people in the upper to middle echelons of the hierarchy, with the largest percentage of employees coming from the professional/technical level, followed by middle management and supervisory levels. Employee participation was highest in unionized companies, especially at and above the supervisory level.

Survey participants employed at the corporate level rated this work alternative higher than did participants at the group/division level. The highest ratings came from human resource executives at the corporate level. Workforce size, degree of unionization, and the organization's gross revenues seemed to make no difference in the ratings given to matrix structures.

Although matrix structures are controversial, many organizations use them. Despite the problems, this work alternative can enhance an organization's ability to be more responsive to change and in some cases, increase the capacity to innovate (Kanter, 1983).

PARALLEL ORGANIZATION STRUCTURE

The parallel organization is one of the most recent and complex innovations. As with the matrix, it creates changes in the organizational structure. However, a parallel organization structure supplements, rather than supplants, the conventional, hierarchical line organization.

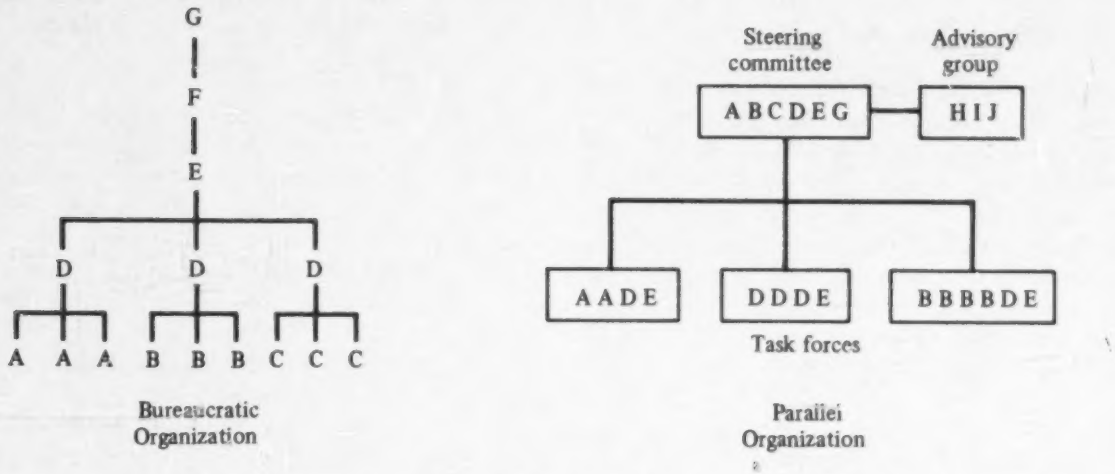
In the most general sense, a parallel organization is a participatory system for working on issues of organizational change, quality of working life, innovation, and so on, that cannot be handled as well by a traditional, bureaucratic organization. Most often, there is a series of flexible task forces and/or persons in special assignments, all coordinated through a formalized management system governed by a steering committee. The steering committee includes top managers or others who oversee the task forces. The membership of the task forces and the steering committee may be drawn from a "diagonal slice" through the organization, covering many levels and departments. The steering committee may have its own resources, budget, and accountability. Because it creates a set of participatory, problem-solving structures, it rates very high on the empowerment dimension.

Exhibit 9 is a schematic representation of the differences between a bureaucratic and a parallel organizational structure.

Many companies have implemented parallel organizations, including Motorola, Ford, and Honeywell's Defense and Marine Sysems Group. At Honeywell, each division general manager chairs a series of steering committees consisting of all the general managers' direct reports plus other key operations heads. This parallel organization of senior managers oversees employee problem-solving groups and policy management for change projects. It is responsible for initiating strategies to foster greater employee participation and approving proposals from task teams that address issues such as rewards, innovation, and the like (Boyle, 1983).

A parallel structure serves two distinct purposes. First, it provides a means for managing change by enhancing flexibility and organizational responsiveness (this was a chief reason for its implementation at General Motors; see Miller, 1978).

Exhibit 9. Schematic comparison of conventional bureaucratic and parallel organizational structures.



Source: Barry Stein and Rosabeth Moss Kanter, "Building the Parallel Organization: Toward Mechanisms for Permanent Quality of Work Life," Journal of Applied Behavioral Science, 16 (1980): 371–388.

The parallel organization does this by working outside the normal channels and organizational systems. Second, and equally important, it provides a source of opportunity and power beyond that possible in bureaucratic structures. A parallel structure gives employees from many levels a chance to participate in more decision making, to learn more about the organization, to acquire and use new skills, and to develop leadership abilities through participation.

The differences between a conventional, hierarchical organization, which is better suited for maintenance and routine tasks, and a parallel organization, which is designed to manage change, have been outlined by Barry Stein and Rosabeth Kanter (see Stein and Kanter, 1980; Kanter, 1983 for a further elaboration of this work alternative and a description of a parallel organization in a manufacturing plant at a high technology firm).

The parallel organization is effective because it works alongside the existing, formal organization. The employee groups have greater flexibility, and the arrangement allows for more challenge, learning, and growth. Moreover, it opens up access to resources, support, and recognition. The parallel organization does this by cutting across the bureaucratic hierarchy and existing functional distinctions.

Survey Results for Parallel Organization Structure

We found that parallel organization structures are one of the least used and most recently implemented work alternatives. They are most commonly found in large, unionized companies. Over half the organizations in our survey using parallel organizations have done so for less than five years. A significant percentage—36 percent—of them have adopted it widely, across all parts of the firm

or agency. When this work alternative was used in all locations or major work groups, the company was most likely to be either highly unionized with 1,000 employees or less, or had 20,000 or more employees.

Most parallel organization structures involve professional and technical staff, and to a lesser degree, middle managers. Middle manager involvement increases with the size of the workforce. Clerical staff and senior management are more likely to participate in parallel structures in smaller organizations with sales under $25 million. Supervisory and hourly personnel are most likely to participate in organizations with sales or annual budgets over $1 billion.

Unionization affects who becomes involved in the parallel organization structure. Professional/technical staff, and supervisory, middle, and senior management were most involved in highly unionized companies. Clerical staff were more involved in less unionized environments, whereas hourly workers were more likely to participate in companies with partial unionization (25 to 75 percent).

Just over half of the respondents using this work alternative considered it "very good" or "excellent." It was rated higher by corporate-level participants than by participants at the group/division level. Respondents from unionized organizations rated this program slightly higher than did those from nonunionized companies.

Although our survey indicates that parallel organization structures have not been widely implemented, we might expect their use to grow in the private sector, as their benefits are validated and gain more widespread acknowledgment.

Maintenance organization

- Routine operations
- Focused primarily on "production" issues
- Limited "opportunities" (e.g., formal promotion)
- Fixed job assignments
- Competency generally established before assignment
- Long chain of command
- Objectives usually top down
- Rewards:
  - Pay/benefits
- Functionally specialized
- Leadership a function of level

Parallel organization

- Problem solving and nonroutine activities (e.g., innovation)
- Focused primarily on "organizational" issues
- Expandable "opportunities" (e.g., participation on a task force, special assignments)
- Flexible, rotational assignments
- Developmental assignments
- Short chain of command
- Objectives also bottom up
- Rewards:
  - Learning
  - Recognition/visibility
  - Different contribution
  - Bonus possibility
  - New contacts
- Diagonal slices--mixed functions
- Leadership drawn from any level

4

The Future of Work Alternatives

Our research leads us to some interesting conclusions and a few propositions. The fact that most organizations (83 percent) are using at least one work alternative, with a surprising number (74 percent) using more than one, suggests that alternative working arrangements have been widely accepted. The fact that most of the alternatives used are narrow in scope suggests that organizations are still hesitant about them. The breadth of use, we suspect, is best explained by the most obvious possibility: our present organizations are dissatisfied with traditional arrangements. That dissatisfaction stems from two sources. First, pressure from an increasingly competitive environment, and second, the traditions espoused by these organizations constrain people from trying innovative work methods. Caught in a broad stream of social and economic change, businesses can no longer count on established practices as the best antidote to current ills.

The work alternatives we have explored in this research cover a wide range, from a few that are unusual and highly innovative, to some that are already "ho hummers" in a progressive organizations. Nevertheless, even the least exciting work alternatives represent a significant shift away from the classic bureaucratic model of organizations, with its emphasis on management by "planning, leading, organizing, and controlling" and other well-established principles: everyone reporting to a single, unequivocal boss; responsibility commensurate with authority; carefully subdivided tasks that are allocated to specialized workers. These conventional notions were the unchallenged norm only a few decades ago; They are now incompatible with even the most conventional of the work alternatives. Therefore:

Proposition One: By and large, people in organizations do not believe that traditional arrangements for work suffice for present and foreseeable needs.

However, the adoption and diffusion of work alternatives clearly goes beyond the simple installation of a new procedure, like adding a new bathroom to the house. On the contrary, they reflect a recognition of the importance, perhaps the imperative, to explore, to broaden the experience base, to develop new options; in short, to deliberately experiment with the organization of work. That so many agencies and businesses in our sample (83 percent) are using at least one alternative in only a small portion of the total organization (25 percent) suggests an inclination to try things out while resisting an inclination to convert the whole organization. These companies want more experience. This seems to us a reasonable course of action.

At the same time, however, there is little evidence that people learn systematically from this experience. Both the survey data and reports from managers using work alternatives indicate that managers are unsure of how or what conclusions to draw. The adopters of work alternatives generally feel positive about their results, but have *not* elected to extend them widely. And this is so despite the relative longevity of their experience. Therefore:

Proposition Two: The benefits of work alternatives are insufficiently understood, leading to a reluctance to extend and diffuse them throughout an organization.

It is also clear that work alternatives are more widely used than is ordinarily assumed by either businessmen or academics. Both the public and professional and academic circles are under the impression that organizations have been reluctant to institute work alternatives, whereas in Europe (especially Scandinavia) and Japan they have become the norm. However, our experience supports a contrary conclusion: the United States contains some of the most exciting, long-standing, and important alternative work arrangements and practices in the world. For example, a large and prestigious U.S. corporation has gained so much from its innovative work alternatives in its formerly traditional manufacturing plants that it has made these practices confidential. Employees have steadfastly declined to talk about these practices outside the company. The alternatives themselves are considered as proprietary as their products. We believe other organizations have a similar perspective. Therefore:

Proposition Three: The very success of work alternatives has led to a reluctance to share results, ideas, and experience outside the organization, thus limiting the opportunity for others to take advantage of these innovations.

Another reason for the limited extension and diffusion of work alternatives is that they may lead to significant, broad, and perhaps fundamental changes in how the workplace is organized. Our data clearly show that organizations prefer alternatives that are limited in scope, are low in their influence over the *organization* (as opposed to select individuals), and require little modification of existing systems. Consequently, we can expect to see changes in work methods that are more incremental than paradigmatic. Therefore:

Proposition Four: Work alternatives are most likely to be introduced in "bounded" settings where associated changes in organizational systems will be minimal.

Of course, the introduction of work alternatives also has implications for the managers involved in making such decisions. Therefore:

Proposition Five: Work alternatives are more likely to be introduced when they have a minimal effect on managerial and executive roles, status, power, and rewards.

But what of the future? On the basis of our research and experience, what do we predict for, say, the end of the 1980s? Will work alternatives spread, and if so, in what ways? We firmly believe there will be continued and significant gains toward work alternatives becoming the norm, and that the alternatives themselves will become a fundamental component of the structure and character of most organizations. Therefore:

Proposition Six: Over the next decade work alternatives will increase in importance, in scope and deviation from past traditions, and in general use.

This is not a bold statement but an inevitable conclusion drawn from our findings of how workplace innovations are spreading and even regenerating themselves. We suspect that there are corollaries to this proposition about the future character of work alternatives. We anticipate that companies will adopt more work alternatives that

are not only empowering for employees, but have greater organizational (not individual) scope. And as work alternatives increase in popularity, organizations that do not use them will be viewed as old-fashioned. The standards for judging organizations will change to include the use of work alternatives.

From the data we have gathered here, and on the basis of our own observations, we anticipate extensive adoption of work alternatives in the future. Therefore:

Proposition Seven: The next decade will see greater and more rapid change with respect to the use and development of work alternatives than any previous decade.

All of these changes will require us to revise our notions and standards of internal equity in organizations, especially those relating to compensation principles and practices. Increasingly, work alternatives raise fundamental issues about the equity of compensation, and of status, rank, and positional differences within most organizations. The long vertical hierarchies that have been traditional in large organizations will become untenable, perhaps arcane, not simply for reasons of ineffectiveness but also for their incompatibility with new organizational designs and work alternatives. As junior-level employees gain increasing responsibility for more significant tasks, as their activities begin to overlap with those of higher levels of management, and as their skills and competencies become difficult to distinguish from those of senior managers, compensation and reward systems have to become "flatter" and more equitable in every sense.

We might also expect much more in the way of internal competition among employees. This competitiveness will create pressure to develop innovative organizational structures and work alternatives that allow a broader sharing of roles and status, so as to avoid the win/lose characteristics of most competition. From this standpoint, the future of work alternatives would appear to be very bright.

The changes we are seeing now will become more widespread in the future, in how businesses and government operate and are structured. These innovations are far-reaching and fundamental. The most exciting aspect of this development is that it is not isolated. Nor does it consist of anomalous efforts. Rather, we are witnessing the beginnings of a new tradition in designing and managing the American workplace.

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Appendix

A.1. Where job-related alternatives are used.

Part I: Distribution by company size and degree of unionization.

		Number of Employees						*Unionization*		
	Total	*Under 100*	*100 to 499*	*500 to 999*	*1,000 to 9,999*	*10,000 to 19,999*	*Over 20,000*	*None*	*1–24%*	*25–75%*	*More than 75%*
Job enrichment	27	30	26	20	25	28	37	28	27	25	29
Work at home	10	17	8	8	9	10	11	12	11	7	19
Cross-training	45	40	42	50	44	45	53	45	46	43	46
"Permanent" part-time jobs	34	32	32	35	38	24	33	36	33	30	34
Job sharing	11	8	10	11	13	7	13	11	12	10	14
Transition at retirement programs	14	7	11	12	15	14	27	12	18	14	14
Formal job rotation	12	6	8	9	12	14	26	11	14	12	10

Note: All numbers are percentages. "Total" column percentages are based on N=1618. All other percentages based on total number for that *column* (e.g., total number of firms under 100 employees). Column percentages are greater than 100% since each respondent could use multiple work alternatives.

Part II: Distribution of Job-related alternatives by Industry.

	Total	*Manufacturing*	*Bus. Repair Svcs.*	*Trans./ Distrib.*	*Commun./ Publishing*	*Wholesale/ Retail*	*Prof. Svcs.*	*Utilities*	*Finance, Insur., Real Estate*	*Construction*	*Entertainment/ Recre. Svcs.*	*Med. health care*	*Government*	*Education*	*All others*
Job enrichment	26	24	15	20	28	13	28	20	28	32	37	36	35	38	35
Work-at-home	10	7	7	12	8	5	20	6	10	12	16	13	13	20	16
Cross-training	45	43	37	59	40	39	38	43	56	40	68	49	57	33	47
"Permanent" part-time jobs	34	26	15	32	38	27	32	30	47	20	42	50	49	45	42
Job sharing	11	7	7	6	13	5	6	9	12	4	11	21	26	22	14
Transition at retirement programs	14	15	7	—	15	5	12	15	12	12	5	12	20	24	10
Formal job rotation	12	11	4	12	8	7	8	30	14	16	16	11	25	5	10

A.2. Where quality of working life alternatives are used.

Part I: Distribution by company size and degree of unionization.

		Number of Employees						*Unionization*		
	Total	*Under 100*	*100 to 499*	*500 to 999*	*1,000 to 9,999*	*10,000 to 19,999*	*Over 20,000*	*None*	*1-24%*	*25-75%*	*More than 75%*
Gainsharing	13	10	9	14	14	16	21	12	15	14	12
Flextime	35	36	29	31	35	42	46	38	36	28	43
Compressed work week	15	11	13	16	18	14	14	16	13	12	19
Quality circles	36	22	27	29	43	47	57	31	44	44	37
Joint labor-management committees	15	7	11	14	18	22	18	8	16	26	35
Work councils or communications councils	12	11	13	9	13	12	16	14	12	10	12
Formal training in participative management	26	14	19	22	29	41	43	23	31	28	29
Pay for capability/ skills	10	10	9	10	9	11	16	10	10	9	9

Part II: Distribution by industry.

	Total	Manufacturing	Bus. Repair Svcs.	Trans./ Distrib.	Commun./ Publishing	Wholesale/ Retail	Prof. Svcs.	Utilities	Finance, Insur., Real Estate	Construction	Entertainment/ Recre. Svcs.	Med. health care	Government	Education	All others
Gainsharing	13	15	15	24	5	9	11	7	14	24	5	14	14	4	7
Compressed work week	15	11	7	18	8	10	8	13	17	8	42	31	29	16	12
Flextime	35	25	11	35	33	24	43	41	48	20	53	42	64	37	44
Quality circles	36	45	26	27	23	15	26	46	28	16	37	37	48	28	44
Joint labor-management committee	15	16	19	18	15	7	5	30	4	20	27	14	20	25	9
Work councils/ communications councils	12	10	19	9	10	5	9	16	12	8	32	20	12	29	15
Formal training in participative management	26	29	26	27	20	15	25	37	21	28	26	26	40	13	19
Pay for capability/ skills	10	11	19	3	8	5	13	8	11	8	5	7	10	8	7

Note: All numbers are percentages.

A.3. Where alternative organizational structures are used.

Part I: Distribution by company size and degree of unionization.

		Number of Employees						*Unionization*			
	Total	*Under 100*	*100 to 499*	*500 to 999*	*1,000 to 9,999*	*10,000 to 19,999*	*Over 20,000*	*None*	*1–24%*	*25–75%*	*More than 75%*
Matrix or multiple-reporting structures	22	14	18	19	24	28	39	21	30	21	17
Project-team or project-based organization	28	19	24	25	27	35	43	27	32	27	23

Part II: Distribution by industry.

	Total	Manufacturing	Bus. Repair Svcs.	Trans./ Distrib.	Commun./ Publishing	Wholesale/ Retail	Prof. Svcs.	Utilities	Finance, Insur., Real Estate	Construction	Entertainment/ Recre. Svcs.	Med. Health care	Government	Education	All others
Matrix or multiple reporting structures	22	22	19	15	28	5	28	28	18	32	26	23	26	24	26
Project-team or project-based organization	28	28	19	18	28	12	44	25	23	48	32	21	37	24	30

Note: All numbers are percentages.

A.4. Where employee participation and control alternatives are used.

Part I: Distribution by company size and degree of unionization.

		Number of Employees						Unionization			
	Total	Under 100	100 to 499	500 to 999	1,000 to 9,999	10,000 to 19,999	Over 20,000	None	1-24%	25-75%	More than 75%
Semiautonomous work groups	17	26	17	15	14	16	17	19	15	12	23
Internal venture funds or other entrepreneurial opportunities	7	4	5	3	7	10	18	6	8	7	8
Employee-owned organizations or equity participation	12	8	7	14	15	10	17	12	10	14	5
Parallel organization	9	5	8	6	8	14	14	8	11	7	10

Part II: Distribution by industry.

	Total	*Manufacturing*	*Bus. Repair Svcs.*	*Trans./ Distrib.*	*Commun./ Publishing*	*Wholesale/ Retail*	*Prof. Svcs.*	*Utilities*	*Finance, Insur., Real Estate*	*Construction*	*Entertainment/ Recre. Svcs.*	*Med. health care*	*Government*	*Education*	*All others*
Semiautonomous work groups	17	11	26	27	20	10	31	19	14	28	26	19	21	26	21
Internal venture funds or other entrepreneurial opportunities	7	7	—	—	8	1	9	11	5	4	—	6	9	12	12
Employee-owned organizations or equity participation	12	13	7	9	28	12	18	20	12	16	—	5	3	3	5
Parallel organizations	9	8	11	9	8	1	8	6	10	12	16	11	13	11	9

Note: All numbers are percentages.

A.5. Distribution of work alternatives by major organizational variables. (All numbers are rounded off percentages.)

Work Alternative	*Alternative in use*	*How long in use*		*Program used for entire company*	*Workforce Participation*		*Respondent Participation*		*Evaluations*		
		-5 yrs.	*/+5 yrs.*		*More than half*	*Less than half*	*Currently*	*Expects to*	*Very good/ Excellent*	*OK/ Mix*	*Unsatisfactory*
Job enrichment	27	37	50	39	52	43	65	4	58	34	3
Work-at-home arrangements	10	42	39	19	78	15	36	6	48	35	2
Cross-training	45	33	54	28	62	32	30	7	61	31	2
Gainsharing systems	13	35	48	45	43	41	49	3	52	28	2
Flextime	35	45	46	30	53	43	47	3	62	29	2
Compressed work week	15	52	38	18	65	27	18	1	65	25	1
"Permanent" part time jobs	34	26	63	39	92	5	6	3	64	28	3
Job-sharing	11	55	30	19	84	6	11	2	52	28	2
Quality circles or problem-solving groups	36	76	19	31	72	23	50	3	58	33	2
Joint labor-management committees	15	43	48	41	69	24	52	1	54	35	3
Semi-auto/self-managed work groups	17	40	50	28	54	42	67	1	75	19	1
Work councils or communication councils	12	48	41	45	59	34	63	2	57	31	2
Formal training in participative management	26	52	41	49	68	26	76	2	69	23	1
Transition arrangement at retirement	14	31	46	44	82	7	8	13	47	36	1
Formal job rotation	12	31	56	31	70	23	28	6	62	22	2
Pay-for-capability/skill	10	32	51	52	29	61	53	2	58	24	3
Parallel organization structure	9	51	32	36	65	22	60	3	53	26	3
Project team or project-based organization	28	34	57	29	67	30	55	3	67	24	2
Matrix or multiple-reporting structures	22	34	56	32	61	31	59	3	39	45	8
International venture funds/other entrepreneurial opportunities	7	48	33	36	64	19	34	7	40	33	5
Employee-owned organizations/equity participation	12	28	56	74	40	48	75	1	70	16	2

Note: Percentages in first column based on N=1618. Percentages in all other columns based on number of organizations using only that work alternative.

A.6. Types of employees participating in various alternatives.

Work alternatives	*Hourly*	*Clerical/ Secretarial*	*Supervisory*	*Professional/ Technical*	*Middle management*	*Senior management*
Job enrichment	45	58	62	70	65	47
Work-at-home arrangements	16	22	20	58	32	25
Cross-training	52	63	51	51	36	18
Gainsharing systems	46	50	54	53	57	52
Flextime	49	70	60	74	55	44
Compressed work week	69	50	45	43	26	18
"Permanent" part-time jobs	64	66	12	29	7	3
Job-sharing	46	65	15	27	9	5
Quality circles or problem-solving groups	65	52	65	62	49	30
Joint labor-management committees	80	37	47	37	46	30
Semi-autonomous/self-managed work-groups	28	28	48	67	57	36
Work councils or communication councils	54	55	65	69	69	47
Formal training in participative management	24	25	71	64	77	55
Transition arrangements at retirement	28	30	39	63	60	64
Formal job rotation	37	29	44	57	48	21
Pay-for-capability/skill	54	50	55	62	53	46
Parallel organization structure	21	23	41	66	67	54
Project team or project based organization	23	22	50	84	64	35
Matrix or multiple-reporting structures	23	26	47	74	67	37
Internal venture funds/ other entrepreneurial opportunities	19	21	29	59	59	47
Employee-owned organizations/equity participation	56	67	70	78	80	79

Note: The table shows the percentage of organizations applying the alternatives to each of six employee categories. For example, 45 percent of the respondents make job enrichment available to hourly employees.